

EXHIBIT 5

In the Matter of:

United States

vs

Gutfahr

Reporter's Transcript of Recorded Interviews

February 26, 2025



**G R I F F I N G R O U P
I N T E R N A T I O N A L**

3200 East Camelback Road, Suite 177
Phoenix, Arizona 85018

United States vs
Gutfahr

Reporter's Transcript of Recorded Interviews

UNITED STATES,)
) USAO No. 2023R10105
Plaintiff,)
) Court No. 24-CR-08132-RM (EJM)
vs.)
)
ELIZABETH GUTFAHR,)
)
Defendant..)
)
)

REPORTER'S TRANSCRIPT OF RECORDED INTERVIEW

February 26, 2025
11:04 a.m.

PARTICIPANTS: Shannon Gonzalez, Special Agent
Jane Westby, Esq.
Nicholas Cannon
James Ledbetter, Esq.
Kathy Romero

Griffin Group International
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1 (Commencement of recorded interview.)

2 * * * * *

3 AGENT GONZALEZ: So good morning. Today
4 is February 26, 2025. This is Shannon Gonzalez with
5 the FBI on a recorded interview with -- go ahead.

6 MS. WESTBY: (Indiscernible) U.S.
7 attorney's office.

8 MR. CANNON: Yeah. Nick Cannon with the
9 Public Integrity Section in D.C.

10 AGENT GONZALEZ: Ms. Romero?

11 MS. ROMERO: All right. Good morning.
12 This is Kathy Romero, superintendent/principal at
13 Santa Cruz Elementary, District 28.

14 MR. LEDBETTER: And I'm Jim Ledbetter.
15 I'm representing the district for this matter.

16 MS. WESTBY: Okay. Great. Thank you so
17 much.

18 So, Ms. Romero, what we've kind of learned
19 in speaking with the districts is that regarding this
20 \$38 million theft that Ms. Gutfahr, that she took from
21 the County treasury, that a portion of that is being
22 allocated to the various districts.

23 And do you know how the accounting is
24 going to work within your districts yet?

25 MS. ROMERO: As far as how much money we



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1 would be getting back from that, I do not. I know
2 there is a percentage of approximately how much the
3 recovery would be.

4 MS. WESTBY: All right. So are you -- so
5 is it your understanding that you're going to be short
6 some money or that you're going to be repaid by the
7 County? What's your understanding now?

8 MS. ROMERO: Well, because it is a
9 percentage that we would be getting back, of course
10 it's not going to be the full amount that would be owed
11 to our school district.

12 MS. WESTBY: Okay. And now is your --

13 MR. LEDBETTER: Santa Cruz Elementary --
14 sorry about that. Santa Cruz Elementary is a smaller
15 district and a well-run district, and we think -- our
16 most educated guess is we're just under 70,000 in what
17 was taken as to them. That's our best guess.

18 MS. WESTBY: Okay.

19 MR. LEDBETTER: And we're in negotiations
20 with everybody on an agreement. And if you don't mind,
21 I can fill everybody in on where the district is from a
22 legal perspective.

23 MS. WESTBY: That would be great, sure.

24 MR. LEDBETTER: So the district has signed
25 tolling agreements with Santa Cruz County in order to



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1 of recovery, but we have not reached an agreement on
2 that. Because again, their fees have been substantial.
3 And those are going -- they want to take those first.
4 And we think they do not have clean hands on this as
5 the County. So the County should not be paying itself
6 back first. It should be making those entities that
7 had the money there made whole first.

8 MS. WESTBY: All right.

9 MR. LEDBETTER: So that's kind of all the
10 moving parts. There's a lot of those pieces.

11 So sorry, Ms. Romero, for stepping in, but
12 I thought --

13 MS. ROMERO: Oh, no, you're fine.

14 No, you're fine. Thank you.

15 MS. WESTBY: Well, I appreciate that.

16 Thank you.

17 So the bottom line is, you'd like to show
18 the Court any kind of needs that you may have. These
19 are building improvements or programs from music to
20 sports that exist and, I guess, could have been helped
21 if you hadn't had this theft of your funds through the
22 treasurer's office.

23 And, you know, if you could be willing to
24 share any kind of photos of facilities that may need
25 improvements or repair. And if you'd want to give any



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1 kind of written statement about how this has affected
2 the school district anywhere from, you know, the
3 uncertainty of what's going to happen, any kind of --
4 even non-economic effects, the harm that it may have
5 caused. That's kind of what we're thinking about.

6 Is there anything you can tell us now
7 along those lines?

8 MS. ROMERO: Yes, most definitely.

9 One of the biggest, I think, factors for
10 us was that we're a small school, a small rural school
11 outside of the Nogales area. We have currently less
12 than 127 students, K8, one single school district.

13 So even though the amount might not be as
14 large as what was taken from the other school district,
15 the percentage of the harm done to the district, I
16 think, was pretty evident as we were classified last
17 year from the auditor general's office as a high
18 financial risk. And this, of course, was because of
19 the low -- the kind of student enrollment. But part of
20 it was cash flow coming in from the tax property
21 monies.

22 So that really brought a toll on our
23 school district. We had to move in a different
24 direction. Fortunately, we're currently out of that
25 high financial risk, but we had to move and go through



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1 a lot of challenges.

2 A small rural school district is very
3 different as far as how management can happen, and
4 every penny that comes in is crucial for what we do for
5 our students.

6 So I think it had a big impact within our
7 school community and the reclassification of a high
8 financial risk factor due to the fact that we went
9 ahead and our cash flow went down because of that money
10 that hadn't come into the district.

11 MS. WESTBY: Okay. And --

12 MR. LEDBETTER: And --

13 MS. WESTBY: Go ahead.

14 MR. LEDBETTER: Thank you.

15 And the classification of high financial
16 risk impacts the ability to secure bonding. And any
17 bond rates would be astronomical in terms of repayment
18 on the bond because they were lumped into that category
19 by the auditor general's office because of that
20 conduct.

21 MS. WESTBY: Okay. And so were there
22 factors in addition to the theft that caused that high
23 risk? I think you mentioned there was a reduction in
24 the number of students. Did I hear that correctly?

25 MS. ROMERO: Correct, correct.



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1 balanced by the County office; however, we operate
2 through our M & L fund.

3 MS. WESTBY: Okay. And how about -- let's
4 talk about your facilities, your buildings for a
5 moment.

6 Are there resources that are needed to
7 make improvements on the buildings or any of your --
8 you know, your facilities, your gym, anything like
9 that?

10 MS. ROMERO: Definitely. Last year
11 through one of the monsoons, our basketball court tarp
12 blew away. We had to take that off for safety reasons.
13 And that's currently needing to be -- needing between
14 30- to \$40,000 to repair. So we have no shade out
15 there for the kids for that.

16 Of course, our gym floor needs to be
17 repaired as well, with dire need. So, of course,
18 there's always things within the facility that need to
19 be looked at and changed and shade for the kids and
20 things that were impaired and that cannot be replaced
21 because there's not the funding for it.

22 MS. WESTBY: And so pictures of things
23 like that with maybe estimates of the cost of the
24 repair, the maintenance, and those things, that would
25 be really helpful, as an example.



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1 And now how about expenses, such as do you
2 need money for school programs that you've had to drop,
3 such as music or sports?

4 MS. ROMERO: Well, yes. What we had to
5 do -- well, of course, all schools are tight with
6 money. But we are currently getting grants from a
7 mining company within the county to help us pay for our
8 coaches and afterschool sports programs so that we may
9 continue to operate those.

10 As far as like afterschool programs, which
11 we really need to have them as well, we had to put
12 those aside as well just because there's no funding for
13 those. And after the ESA grant went away, we're not
14 able to go ahead and pursue those again.

15 But very much needed for afterschool
16 programs or sports activities, extracurricular
17 activities that the kids need to have in communities
18 such as this.

19 MS. WESTBY: And how about your ability to
20 raise funds in the future through, you know, additional
21 taxes? How has this affected your relationship with
22 the community?

23 MS. ROMERO: Well, like I said, it was a
24 very challenging year last year, and nobody knew why
25 the school district had been placed in a high financial



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